Ridgewood Canadian Investment Grade Bond Fund

Interim Financial Report (Unaudited)
For the six months ended June 30, 2013

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Interim Financial Report (Unaudited)

Message to Unitholders

Capital markets in the first half of 2013 can be characterized as a gradual return to normal. Equity markets, with the U.S. in particular have performed well, generating positive returns for investors. Corporate bonds perform well in this environment as balance sheets are strengthened given the higher cash flows. Companies also use this opportunity to refinance debt and build reserves. For investors, this provides an opportunity to add portfolio positions that are more attractive and liquid. The yield curve shifted upwards as investors began to shift assets out of Government bonds, into corporate bonds and equities.

Equities and lower rated corporate bonds performed the best on both a relative and absolute basis. Government bonds were one of the worst performers as there is very little margin of safety at current coupon levels. A modest 50 basis point increase in interest rates in a mid-term bond will wipe out the income for a full year. Corporate bonds with a higher yielding coupon will cushion investors to a degree from this effect.

The Bank of Canada has been on hold in regard to interest rates this year and has recently stated that it is likely to remain on hold given the low growth disinflationary environment. China has begun to transition from a major infrastructure build out to an internal growth economy and we are uncertain what impact it will have on global growth. The U.S. economy has been showing signs of strength lately and the Canadian market which is closely linked, should begin to feel the effects very soon. The Canadian dollar has weakened because of declining demand for commodities but longer term this will be a positive for our manufactures and exports.

It appears that the global economy is on track for positive growth in the second half of 2013, albeit in a low inflationary environment. We will be fully invested in our bond portfolios. We prefer bonds with mid-term maturities given the steepness of the yield curve and the fact that overnight interest rates will not rise for the foreseeable future. Corporate bonds represent good value and will continue to be one of the top performing sectors.

June 30, 2013

UNAUDITED SEMI-ANNUAL REPORT STATEMENT

The accompanying financial statements have not been reviewed by the external auditors of the Fund. The external auditors will be auditing the annual financial statements of the Fnd in accordance with Canadian generally accepted auditing standards.

Management's Responsibility for Financial Reporting

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. Management has ensured that the other financial information presented in this interim report is consistent with the financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 3 of the financial statements.

The Manager is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

John H. Simpson, CFA
Managing Director
Ridgewood Capital Asset Management Inc.

Paul W. Meyer, CFA
Managing Director
Ridgewood Capital Asset Management Inc.

Ridgewood Canadian Investment Grade Bond Fund

Statements of net assets

As at June 30, 2013 (unaudited) and December 31, 2012

	2013	2012
Assets	$	$
Cash	23,025	1,976
Investments at fair value (cost 2013 - $101,428,297, 2012 - $83,000,347)	105,985,458	88,696,810
Accrued interest receivable	797,012	665,181
	106,805,495	89,363,967
Liabilities		
Accrued expenses	108,857	104,470
Distribution payable	340,245	337,035
Loan payable (Note 7)	28,012,001	1,630,305
Liabilities for securities redeemed	-	8,157,661
	28,461,103	10,229,471
Total net assets and unitholders' equity	78,344,392	79,134,496
Total net assets and unitholders' equity, Class A	78,344,392	79,134,496
Units outstanding, Class A (Note 4)	6,419,709	6,419,709
Net assets per unit, Class A (Note 9)	12.20	12.33

(See accompanying notes to financial statements)

Approved on behalf of the Board of Directors of the Manager:

John H. Simpson, CFA
Managing Director

Paul W. Meyer, CFA
Managing Director

Ridgewood Canadian Investment Grade Bond Fund

Statements of financial operations

For the 6 months ended June 30, 2013 and 2012 (Unaudited)

	2013	2012
Revenue	$	$
Interest	2,892,087	2,937,298
Expenses		
Management fees (Note 5)	217,195	218,034
Interest and bank fees (Note 7)	206,847	160,871
Administration fees	86,833	111,761
Legal fees	8,394	24,749
Independent Review Committee fees	8,933	9,514
Securityholder reporting costs	17,810	12,729
Custodial fees	540	2,193
Audit fees	7,860	14,884
	554,412	554,735
Net investment income for the period	**2,337,675**	**2,382,563**
Realized and unrealized gain (loss) on investments		
Net realized gain	1,657,918	909,901
Change in unrealized gain (loss)	(1,139,302)	3,590,051
Net gain on investments	**518,616**	**4,499,952**
Increase in net assets from operations	**2,856,291**	**6,882,515**
Increase in net assets from operations, Class A	2,856,291	6,882,515
Increase in net assets from operations per Unit, Class A (based on weighted average number of units outstanding during the period - 2013 - 6,419,709; 2012 - 7,076,807)	0.44	0.98

(See accompanying notes to financial statements)

Ridgewood Canadian Investment Grade Bond Fund

Statements of changes in net assets
For the 6 months ended June 30, 2013 and 2012 (Unaudited)

	2013	2012
	$	$
Net assets, beginning of period	79,134,496	77,494,568
Increase in net assets from operations	2,856,291	6,882,515
Capital transactions		
Issue Costs	-	(25,000)
Distributions:		
Net investment income	(3,646,395)	(2,229,193)
Net assets at the end of the period	78,344,392	82,122,890

(See accompanying notes to financial statements)

Ridgewood Canadian Investment Grade Bond Fund

Statements of gain (loss) on sale of investments
For the 6 months ended June 30, 2013 and 2012 (Unaudited)

	2013	2012
	$	$
Proceeds from Sale of Investments	10,310,138	40,734,496
Cost of Investments Sold or Matured		
Cost of Investments Held at Beginning of Period	83,000,347	95,804,118
Purchases	27,080,170	38,264,922
	110,080,517	134,069,040
Cost of Investments Held at End of Period	101,428,297	94,244,445
	8,652,220	39,824,595
Net Realized Gain on Sale of Investments	**1,657,918**	**909,901**

(See accompanying notes to financial statements)

Ridgewood Canadian Investment Grade Bond Fund

Statements of cash flows

For the 6 months ended June 30, 2013 and 2012 (Unaudited)

	2013	2012
	$	$
Net inflow (outflow) of cash related to the following activities		
Operating Activities		
Increase in net assets from operations	2,856,291	6,882,515
Adjustments to reconcile to operating cash flows:		
Purchase of investments	(27,080,170)	(38,264,922)
Proceeds from investments sold	10,310,138	39,824,595
Net realized gain on sale of investments	1,657,918	-
Change in unrealized gain (loss) on investments	1,139,302	(3,590,051)
	(14,432,357)	4,852,137
Net change in non-cash operating working capital		
Change in accrued interest receivable	(131,831)	(495,986)
Change in accrued expenses	4,387	(365,449)
Cash flows provided by (used in) operating activities	(14,559,801)	3,990,702
Financing activities		
Issue costs paid	-	(25,000)
Amount paid for securities redeemed	(8,157,661)	-
Distribution of net investment income	(3,643,185)	(1,857,661)
Change in loan payable	26,381,696	(3,372,555)
Cash flows from financing activities	14,580,850	(5,255,216)
Increase (decrease) in cash	21,049	(1,264,514)
Cash, beginning of period	1,976	1,286,745
Cash, end of period	23,025	22,231
Supplemental information		
Interest paid	191,786	158,752
Tax paid	-	-

(See accompanying notes to financial statements)

Ridgewood Canadian Investment Grade Bond
Statement of Investment Portfolio *(unaudited)*
As at June 30, 2013

Par Value	Security	Average Cost	Fair Value	% of net assets
		$	$	
	Canadian Bonds			
	Asset-Backed Securities			
3,100,000	Institutional Mortgage Securities Canada Inc., Class 'D', Series '2011-1', Callable, 5.28%, 2021/02/12	2,899,833	3,215,800	
6,000,000	Institutional Mortgage Securities Canada Inc., Class 'D', Series '2012-2', Variable Rate, Callable, 4.64%, 2022/07/12	5,434,201	5,496,468	
3,603,000	Institutional Mortgage Securities Canada Inc., Class 'E', Series '2012-2', Variable Rate, Callable, 4.64%, 2022/07/12	3,177,197	3,214,060	
2,805,000	Merrill Lynch Financial Asset Inc., Class 'C', Series '2007-CA23', Callable, 5.73%, 2017/08/12	2,893,301	2,811,452	
5,000,000	Merrill Lynch Financial Asset Inc., Class 'D1', Series '2007-CA23', Callable, 5.73%, 2017/08/12	4,726,750	4,855,500	
5,000,000	Merrill Lynch Financial Asset Inc., Class 'D', Series '2006-CA19', Callable, 5.45%, 2039/06/12	4,577,500	4,887,500	
4,111,000	Merrill Lynch Financial Asset Inc., Class 'D', Series '2007-CA21', Variable Rate, 5.21%, 2040/01/12	3,821,380	3,977,392	
1,870,000	Merrill Lynch Financial Asset Inc., Class 'E', Series '2007-CA21', Variable Rate, 5.21%, 2040/01/12	1,732,555	1,774,630	
5,000,000	Merrill Lynch Financial Asset Inc., Class 'D', Series '2007-CA22', Variable Rate, Callable, 5.22%, 2049/03/12	3,938,000	4,255,000	
3,155,000	Real Estate Asset Liquidity Trust, Class 'D1', Series '2005-2', Variable Rate, Callable, 5.12%, 2015/10/12*	2,987,244	3,227,139	
2,137,860	Schooner Trust, Class 'E', Series '2007-7', Variable Rate, 5.18%, 2017/02/12	2,066,199	2,057,690	
3,000,000	Schooner Trust, Class 'D', Series '2007-8', Floating Rate, Callable, 5.24%, 2022/06/12	2,931,800	2,996,100	
3,886,087	Schooner Trust, Class 'E', Series '2007-8', Variable Rate, Callable, 5.24%, 2017/06/12	3,754,115	3,753,183	
		44,940,075	46,521,914	59.38%
	Corporate Bonds			
4,700,000	Bell Aliant Regional Communications L.P., Callable, 6.17%, 2037/02/26*	4,745,291	4,897,274	
2,000,000	Capital Power L.P., Callable, 5.28%, 2020/11/16	2,142,000	2,056,375	
4,000,000	Cominar REIT, 4.23%, 2019/12/04	4,035,720	3,906,869	
5,000,000	Equitable Group Inc., 5.40%, 2017/10/23*	5,000,000	4,983,438	
6,000,000	Fairfax Financial Holdings Ltd., Callable, 5.84%, 2022/10/14*	6,161,109	6,194,156	
2,000,000	Pembina Pipeline Corp., Callable, 4.75%, 2043/04/30	1,995,240	1,928,639	
		24,079,360	23,966,751	30.59%
	Total Canadian Bonds and ABS	69,019,435	70,488,665	89.97%
	U.S. Bonds			
	Corporate Bonds			
4,500,000	Bank of America Corp., Variable Rate, Callable, 1.82%, 2016/06/01*	3,577,500	4,185,000	
6,000,000	Citigroup Inc., Variable Rate, Callable, 5.16%, 2027/05/24*	5,031,640	5,805,269	
5,000,000	Citigroup Inc., 5.37%, 2036/03/06*	4,060,862	4,727,381	
6,000,000	Goldman Sachs Group Inc. (The), Variable Rate, Callable, 5.20%, 2022/04/19*	6,087,100	6,084,721	
5,630,000	Merrill Lynch & Co. Inc., Variable Rate, Callable, 5.29%, 2022/05/30	5,712,910	5,704,422	
		24,470,012	26,506,793	33.83%
	TOTAL U.S. Bonds	24,470,012	26,506,793	33.83%
	Global Bonds			
	Corporate Bonds			
5,000,000	Lloyds TSB Bank PLC, Callable, 10.12%, 2021/12/16*	4,783,850	5,675,000	
3,000,000	Royal Bank of Scotland PLC (The), Variable Rate, Callable, 10.50%, 2022/03/16*	3,155,000	3,315,000	
		7,938,850	8,990,000	11.47%
	Total Global Bonds	7,938,850	8,990,000	11.47%
	Total Investment Portfolio	**101,428,297**	**105,985,458**	135.27%
	Cash and other assets, net of liabilities		(27,641,066)	-35.27%
	Net assets at fair value		78,344,392	100.00%

* These securities are held as collateral with Scotiabank for the loan payable or margin account (Note 7)

(See accompanying notes to financial statements)

1. ESTABLISHMENT OF THE FUND

Ridgewood Canadian Investment Grade Bond Fund (the "Fund") is a closed-end investment fund established under the laws of the Province of Ontario pursuant to the Declaration of Trust and a public offering in a prospectus dated November 27, 2009. Ridgewood Capital Asset Management Inc. is the Manager and Trustee of the Fund. The Fund's principal office is 55 University Avenue, Suite 1020, Toronto, Ontario M5J 2H7. The fiscal year end of the Fund is December 31.

Ridgewood is also the investment manager and distributor of units of the Fund. CIBC Mellon Trust Company is the custodian, transfer agent and registrar of the Fund, and, as such, performs certain valuation and other services for the Fund. The Fund commenced operations on December 18, 2009.

2. INVESTMENT OBJECTIVE OF THE FUND

The investment objective of the Fund is to maximize total returns for unitholders while preserving capital in the long term. The portfolio of securities of the Fund (the "Portfolio") will be invested primarily in Investment Grade Bonds issued by Canadian issuers available to domiciled investors. Investment Grade Bonds means debt securities and term loans that are generally rated at or above BBB- from S&P, or Baa3 or higher from Moody's Investor Services Inc., or a similar rating from a qualified rating agency. Currently, the Fund may invest up to 25% of the Portfolio in Investment Grade Bonds issued by non-Canadian issuers. As at June 30 and December 31 of each year (each a "Determination Date"), at least 90% of the Portfolio will be invested in securities denominated in Canadian dollars.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"), which include estimates and assumptions made by management that may affect the reported amounts of assets, liabilities, income and expenses during the reported periods. Actual results may differ from estimates. The following is a summary of the significant accounting policies.

Capital Disclosures

The Fund's objectives, policies and processes for managing capital are described in Note 2. Information on the Fund's shareholders' equity is described in Note 4 and Note 6. The fund does not have any externally imposed capital requirements other than disclosed in Note 7.

Valuation of Investments

The Fund follows Canadian Institute of Chartered Accountants Handbook Section 3855, "Financial Instruments - Recognition & Measurement". The standard requires that the fair value of securities which are traded in active markets be measured based on bid price.

The difference between the Net Asset Value and the Net Assets calculated using bid prices as described above is disclosed in Note 9.

Investments are recorded in the financial statements at their fair value which is determined as follows:

Securities are valued at fair value, which is based on quoted market values from securities dealers. If no bid prices are available, the securities are valued at the closing price.

Short-term investments are included in the Statement of Investments at their cost. This value, together with accrued interest, approximates fair value at bid price.

Cash is comprised of cash on deposit.

Income recognition

Interest income is recognized on an accrual basis.

Financial Instruments - Disclosures

The Fund complies with CICA Handbook Section 3862, "Financial Instruments – Disclosures" which requires the disclosure of the estimated fair value of financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Fund's financial instruments are recorded at fair value or at amounts that approximates fair value in the financial statements.

Section 3862 of the CICA Handbook Section, "Financial Instruments – Disclosures", establishes a fair value hierarchy that prioritized the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows.

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Investment Manager has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices that is observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.

Please see Note 11 for these disclosures.

4. UNITHOLDERS' EQUITY

Each unitholder in the Fund acquires units, which represent an undivided interest in the net assets of the Fund. All units are of the same class with equal rights and privileges. Each unit is entitled to one vote at any meeting of unitholders and to equal participation in any distributions made by the Fund. Fractional units are not entitled to voting privileges. Each unit is redeemable at the option of the unitholder in accordance with the Trust Agreement and the number of units which may be issued is unlimited. The units of the Fund are fully paid when issued and are generally not transferable.

Following are the unit transactions during the period:

June 30, 2013

	2013
Units outstanding,	
Beginning of period	6,419,709
Units redeemed	-
Units outstanding, end of period	6,419,709

December 31, 2012

	2012
Units outstanding,	
Beginning of year	7,076,807
Units redeemed	(657,098)
Units outstanding, end of year	6,419,709

5. MANAGEMENT FEES AND EXPENSES

Ridgewood is entitled to an annual management fee payable out of the assets of the Fund. The management fee is equal to 0.50% (excluding GST) of the net asset value of the Fund.

Ongoing expenses are paid out of the assets of the Fund and include all normal day-to-day operating expenses of the Fund, including without limitation, mailing and printing expenses for periodic reports to Unitholders and other Unitholder communications including marketing and advertising expenses. Fees payable to the Custodian, the registrar and transfer agent, the Valuation Agent and/or other parties engaged by the Fund for performing certain financial, record keeping, reporting and general administrative services are charged to the Fund. Any reasonable out-of-pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Fund, fees are payable to the Manager for performance of extraordinary services on behalf of the Fund, auditors and legal advisors; regulatory filing, stock exchange and licensing fees; any expenditures incurred upon the termination of the Fund; and fees payable to the members of the independent review committee of the Fund. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager or any other party is entitled to indemnity by the Fund. The Fund will be responsible for its costs of portfolio transactions and any extraordinary expenses which it may incur from time to time.

6. DISTRIBUTIONS

Net income and net realized capital gains of the Fund may be declared payable to unitholders of the Fund from time to time at the discretion of Ridgewood, provided that in each year sufficient net income and net realized capital gains will be made payable to unitholders so that the Fund will not be liable for income tax thereon, except to the extent that any tax payable on net realized capital gains retained by the Fund would be immediately refundable to it.

Net income and net realized capital gains payable to unitholders of the Fund will be automatically reinvested in additional units of the Fund as of the valuation date of payment unless the unitholder otherwise requests in writing.

7. LOAN PAYABLE

The Fund has a margin account held at Scotiabank which requires collateral against loans (see Statement of Investments). The Fund can borrow an amount up to 25% of the total assets of the Fund. Total interest and bank fees on the account were $206,847 for the period (2012 - $320,591 for the year). The account is charged interest based on Bloomberg Ticker Reference plus 70bps on debit spread or minus 25 bps on credit spread. As at June 30, 2013 the balance of the account was $28,012,001 (2012 - $1,630,305). During the period the maximum amount borrowed was $28,734,220 (2012 - $30,160,008) and the minimum amount borrowed was $1,623,573 (2012 - $1,630,305). If interest rates had increased/decreased by 100 basis points interest expensed would have changed by approximately $121,675 (2012 - $188,683).

8. INCOME TAXES

The Fund qualifies as a "mutual fund trust" under the Income Tax Act (Canada). The Fund uses the "capital gains refund mechanism" which allows a mutual fund trust to retain some capital gains without paying any tax thereon. As a result, the Fund may not distribute all of its net capital gains. The net income and net capital gains of the Fund that would otherwise be taxable in the Fund are either paid or payable to unitholders in each calendar year. Accordingly, no income tax is paid or payable by the Fund. Such income is taxable in the hands of the unitholders.

As at December 31, 2012 taxation year-end, there are $137,606 (2011 - $3,824,873) capital losses and no non-capital losses are available for carryforward.

9. NET ASSET VALUE AND NET ASSETS

As per NI81-106, Net Asset Value of the Fund is calculated based on the fair value of investments, using the close or last trade price ("Net Asset Value"). The Net Assets per unit for financial reporting purposes are based on the bid prices. The Net Asset Value and Net Assets per unit at June 30, 2013 and December 31, 2012 are as follows:

June 30, 2013	
Net Asset Value	12.24
Difference	(0.04)
Net Assets	$12.20

December 31, 2012	
Net Asset Value	$12.36
Difference	(0.03)
Net Assets	$12.33

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Fund's financial instruments consist of bonds, asset-backed securities, liabilities for securities redeemed, cash and loan payable. As a result, the Fund is primarily exposed to interest rate risk and credit risk.

These risks and related risk management practices employed by the Fund are discussed below:

Interest Rate Risk

The Fund's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Since the loan payable is a short-term obligation the interest rate sensitivity is minimal.

The table summarizes the Fund's exposure to interest rate risks, categorized by the earlier of contractual re-pricing or maturity dates.

As at June 30, 2013:

	Less than 1 month	1-3 months	3 months -1 year
Loan payable	$	$	$
Interest Rate Exposure	28,012,001	-	-

	1-3 years	3-5 years	More than 5 years
Investments	$	$	$
Interest Rate Exposure	7,412,139	14,708,080	83,865,239

	Non Interest bearing	Total
	$	$
Interest Rate Exposure	-	**105,985,458**

As at December 31, 2012:

	Less than 1 month	1-3 months	3 months -1 year
Loan payable	$	$	$
Interest Rate Exposure	1,630,305	-	-

	1-3 years	3-5 years	More than 5 years
Investments	$	$	$
Interest Rate Exposure	3,137,839	23,516,783	62,042,188

	Non Interest bearing	Total
	$	$
Interest Rate Exposure	-	**88,696,810**

At June 30, 2013, should interest rates have decreased by 100 basis points with all other variables remaining constant, the increase in net assets for the period would amount to approximately $4.0 million (2012 - $4.4 million), arising substantially from the increase in market values of debt securities, with a small portion affecting interest rate futures. Conversely, if interest rates had risen by 100 basis points, the decrease in net assets would amount to approximately $4.0 million (2012 - $4.4 million).

Credit Risk

Financial instruments that potentially subject the Fund to a concentration of a credit risk consist primarily of cash and investments. The Fund limits its exposure to credit loss by placing its cash with high quality government and financial institutions. To maximize the credit quality of its investments, the Fund's managers perform ongoing credit evaluations based upon factors surrounding the credit risk of customers, historical trends and other information.

The Fund's main credit risk concentration is spread between BBB/Baa rated securities.

The Fund invests in financial assets, which have an investment grade as rated by a well-known rating agency.

Portfolio by rating category June 30, 2013	
Rating	As a % of Net Assets
AAA/Aaa	-
AA/Aa	-
A/A	9.83%
BBB/Baa	125.44%
Total	135.27%

Portfolio by rating category December 31, 2012	
Rating	As a % of Net Assets
AAA/Aaa	-
AA/Aa	5.91%
A/A	3.52%
BBB/Baa	102.65%
Total	112.08%

All transactions in listed securities are settled for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund's transactions and holdings are all in Canadian dollars, including U.S. and global bond holdings.

Liquidity Risk

Liquidity risk is the risk that a Fund will encounter difficulty in meeting obligations associated with its daily cash redemption of units. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and which can be readily disposed of.

11. FINANCIA INSTRUMENTS - DISCLOSURES

Fair Value Disclosure

The Fund's financial assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy described in Note 3. The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of June 30, 2013 and December 31, 2012.

	Financial Assets at fair value as of June 30, 2013			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Bonds	-	59,463,544	-	59,463,544
Asset-backed securities	-	46,521,914	-	46,521,914
Cash	23,025	-	-	23,025
Loan payable	-	(28,012,001)	-	(28,012,001)
Total	23,025	77,973,457	-	77,996,482

	Financial Assets at fair value as of December 31, 2012			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Bonds	-	38,052,191	-	38,052,191
Asset-backed securities	-	50,644,619	-	50,644,619
Cash	1,976	-	-	1,976
Loan payable	-	(1,630,305)	-	(1,630,305)
Total	1,976	87,066,505	-	87,068,481

12. FUTURE ACCOUNTING POLICY CHANGES

Transition to International Financial Reporting Standards

International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises, which include investment funds and other reporting issuers.

In March 2011, the Accounting Standards Board ("AcSB") of the Canadian Institute of Chartered Accountants ("CICA") amended their mandatory requirement for all publicly accountable entities (which includes investment funds) to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), permitting investment funds, to defer the adoption of IFRS to fiscal years beginning on or after January 1, 2013. In December 2011, the AcSB extended the deferral of IFRS adoption to fiscal years beginning on or after January 1, 2014. Accordingly, the Fund will adopt IFRS for its fiscal period beginning January 1, 2014.

The major changes identified for IFRS financial statements include the addition of a Statement of cash flows and the classification of unitholders' equity (puttable instruments) as a liability within the statement of net asset's, unless certain conditions are met.

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